

TOLKIEN'S Fabled Quest

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Toward the end of September 1931, while on one of his periodic recuperative cruises on the high seas, Montagu Norman, head of the Bank of England, received a cable from his American counterpart, George Harrison, Benjamin Strong's successor as head of the Federal Reserve System, asking Norman whether he could shed any light on "the sudden drop in Sterling."^[1] Norman wrote back that he could not explain the drop, largely because—although he did not mention this in the cable—he had been absent from his post at the bank since July 28, when he left the Bank "feeling queer."^[2] Shortly thereafter, Norman received another more cryptic note announcing that the "Old Lady goes off on Monday."^[3] The old lady in question was the Old Lady of Threadneedle Street or the Bank of England, and it referred to the imminent abandonment of the gold standard, but Norman mistakenly thought it referred to his mother going on holiday.

At around the same time that England went off the gold standard, an Oxford professor began telling his children a bedtime story about a dragon guarding a hoard of gold. The professor's name was J. R. R. Tolkien and the story eventually got published as *The Hobbit* in 1937. Tolkien wrote *The Hobbit* and *The Lord of the Rings* against the background of European politics. According to Tolkien's official biographer, The Shire was "Tolkien's representation of all that he loved best about England."^[4] At about the time that Tolkien decided the sequel to *The Hobbit* would be called *The Lord of the Rings*, Chamberlain signed the Munich agreement with Hitler. By the late 1930s, it was clear that England was being drawn into another war on the continent. Tolkien despised Russia and held the Russians "more responsible for the present crisis and choice of moment than Hitler."

His feelings about Germany were much more ambivalent. Tolkien came from German stock; he had a German name, and yet he had fought against the Germans at the Battle of the Somme in 1918, an event which formed him for the rest of his life. His rendition of the trench warfare appeared in the Dead Marshes chapter of *The Lord of the Rings*. Tolkien despised Hitler. "I have in this war," he wrote in 1941,

a burning private grudge against that ruddy little ignoramus Adolf Hitler for ruining, perverting,

misapplying, and making for ever accursed that noble northern spirit, a supreme contribution to Europe, which I have ever loved, and tried to present in its true light.”[5]

Tolkien’s ambivalence about Germany derived from the fact that he got the main symbols for his novels from German literature. If Tolkien saw in Hitler a vulgar caricature of the “noble northern spirit,” his relationship to Richard Wagner was even more ambivalent. Tolkien got the main symbols in *The Hobbit* from Richard Wagner’s Ring cycle, but he was always testy and sensitive whenever Wagner’s name was mentioned. Humphrey Carpenter tells us that whenever “Tolkien . . . recounted horrific episodes from the Norse *Voelsungsaga*,” he would make “a passing jibe at Wagner whose interpretation of the myths he held in contempt.”[6] When publisher Stanley Unwin’s ten-year-old son Rayner claimed that “Frodo’s ring resembled that of the Niebelungs,” Tolkien, who was always annoyed when anyone compared his writings with Wagner, responded by saying that “Both rings were round, and there the resemblance ceased.”[7]

The main problem was Wagner’s anti-Semitism. The *Hobbit* was published in the year of Kristallnacht, when English sympathy for the plight of German Jews was at an all time high. The English had a long history of philo-Semitism which simply did not mesh with Wagner’s views on the Jews. This led to an artistic conflict which Tolkien could not resolve.

Barbara Tuchman claims that the English became notoriously philo-Semitic as a result of the Reformation, when the Bible was translated into English:

With the translation of the bible into English and its adoption as the highest authority for an autonomous English church, the history traditions and moral law of the Hebrew nation became part of the English culture, became for a period of three centuries the most powerful single influence on that culture. It linked, to repeat Matthew Arnold’s phrase, “the genius and history of us English to the genius and history of the Hebrew people.” This is far from saying that it made England a Judeophile nation, but without the background of the English bible it is doubtful that the Balfour Declaration would ever have been issued in the name of the British government or the Mandate for Palestine undertaken, even given the strategic factors that late came into play.[8]

When it comes to assigning responsibility for the creation of England as Judeophile nation, Capitalism is a more likely candidate than the Bible. After a brief phase of Hebraic lunacy under Puritans like Praisegod Barebones and Rabbis like Menasseh ben Israel, “Locke supplanted Habakkuk,”[9] as Karl Marx put in his postmortem on the revolution of 1848, and Whig Capitalism became the de facto religion of the English

elites. Lord Palmerston, deeply in debt to the Jews, used the British navy to collect the Jew Don Pacifico's debts in Greece. Gradually, the idea of a Jewish homeland in the heart of the Ottoman Empire began to form in the minds of the British mercantile and banking elites. On August 11, 1840, Palmerston wrote a letter to the *Times*, claiming that a plan to use "the Jews as a British wedge within the Ottoman empire"^[10] was now under "serious political consideration."^[11]

By the end of the 19th century British philo-Semitism merged with Jewish Zionism to bring about the Balfour Declaration and the first Jewish colony in Palestine. Lord Shaftesbury made the connection between the Jews, the English and Capitalism explicit when he wrote that "England is the great trading and maritime power of the world. To England then, naturally belongs the role of favouring the settlement of the Jews in Palestine."^[12] Theodor Herzl, the Father of Zionism, agreed: "England the great, England the free, England with her eyes fixed on the seven seas, will understand us."^[13] On November 2, 1917, British Foreign Secretary Arthur James Balfour declared that "His Majesty's government view with favour the establishment in Palestine of a national home for the Jewish people and will use their best endeavours to facilitate the achievement of this object."^[14]

Moved by events in Germany during the 1930s, Tolkien sided with the Jews when he wrote *The Hobbit*. In 1971 Tolkien told the BBC that the dwarves are "quite obviously" Jews: "Their words are Semitic, obviously, constructed to be Semitic. The hobbits are just rustic English people," he said.^[15] Bilbo, Tolkien's representative of "rustic English people" tells Smaug that the dwarves have come, not so much for gold, as for revenge: "We came over hill and under hill by wave and win [*sic*] for *Revenge*"^[16] [his emphasis]. When Tolkien received a request to do a translation of *The Hobbit* into German, he had to assure the publisher that he had no Jewish ancestors, an inquiry which he dismissed as "impertinent and irrelevant."^[17] Tolkien's philo-Semitism followed close upon the heels of his annoyance. "But," Tolkien continued to the publisher who wanted to know if he was "of Aryan extraction," "if I am to understand that you are enquiring whether I am of Jewish origin, I can only reply that I regret that I appear to have no ancestors of that gifted people"^[18] Inquiries of this sort, Tolkien continued, will lead to a time "not far distant when a German name will no

longer be a source of pride.”[\[19\]](#)

In the film version of *The Hobbit*, Peter Jackson takes Tolkien’s philo-Semitism and turns it into full-blown Zionism. The destruction of Erebor which begins the movie is a conflation of the destruction of the Temple in 70 A.D. and the Holocaust. Since “No help came from the elves [*i.e.*, the European aristocracy] that day, or any day since,” Thrór “never forgave and he never forgot.” The dwarves were “a once mighty people brought low” by Smaug’s attack. After they were “robbed of their homeland the dwarves of Erebor wandered the wilderness,” where they had to endure the biggest insult of all, they had to work for a living, something alien to the Jewish race.

The text of *The Hobbit* is more ambivalent than his statement to the BBC. Dwarves, Tolkien writes:

are not heroes, but calculating folk with a great idea of the value of money; some are tricky and treacherous and pretty bad lots; some are not, but are decent enough people like Thorin and Company, if you don’t expect too much.[\[20\]](#)

Tolkien, like Shakespeare in his portrayal of Shylock in *The Merchant of Venice*, draws on the intellectual patrimony of the West in describing Jewish aversion to work, something which St. Thomas Aquinas stated explicitly some eight centuries before Tolkien wrote *The Hobbit*. In 1271 Aquinas wrote to Margaret of Flanders advising her that:

it would be better if they [the state] compelled Jews to work for their own living, as they do in parts of Italy, than that, living without occupation, they grow rich by usury, and thus their rulers be defrauded of revenue. In the same way, and through their own fault, princes are defrauded of their proper revenues if they permit their subjects to enrich themselves by theft and robbery alone; for they would be bound to restore [to the real owner] whatever they had exacted from them [the thieves].[\[21\]](#)

In the good old days before Smaug arrived on the scene, the dwarves didn’t need to work at raising their own food because they had money which they could lend out at interest. Erebor was the carnal, earthly kingdom of the Jews, where gold and usury abounded. Or as Tolkien put it:

Fathers would beg us to take their sons as apprentices, and pay us handsomely, especially in food supplies, which we never bothered to grow or to find for ourselves. Altogether those were good days for us, and the poorest of us had money to spend *and to lend*, and leisure to make beautiful things just for the fun of it. . . . So my grandfather’s halls became full of armor and jewels and carvings and cups, and the toy-market of Dale was the wonder of the North (my emphasis).[\[22\]](#)

Deprived of usury, the Jews were forced to work in exile from their

holy mountain:

The few of us that were well outside sat and wept [by the Rivers of Babylon] in hiding and cursed Smaug; and there we were unexpectedly joined by my father and my grandfather with singed beards. They looked very grim but they said very little. When I asked how they had got away, they told me to hold my tongue, and said that one day in the proper time I should know. After that we went away, and we have had to earn our livings as best we could up and down the lands, often sinking as low as blacksmith work or even coal mining. But we have never forgotten our stolen treasure. And even now, when I will allow we have a good bit laid by and are not so badly off—here Thorin stroked the gold chain around his neck—“we still mean to get it back and to bring our curses home to Smaug—if we can.”^[23]

The lonely mountain is Mount Zion. The Jewish dwarves who have been exiled from their earthly paradise now want it back. “With or without our help,” Gandalf tells the Elves, “the dwarves will march on the mountain. They are determined to reclaim their homeland.”^[24] The king of the elves is worried: “The presence of this dwarvish company concerns me. I do not feel that I can condone such a quest.” But even if he, like much of the English aristocracy, couldn’t support Zionism, Lady Galadriel settles the matter when she tells Gandalf: “You are right to help Thorin Oakenshield.” But even the Zionist Galadriel has misgivings, fearing “that this quest has set in motion forces which we do not understand.”

The geopolitical ramifications of driving an Anglo-Jewish wedge into the Ottoman Empire are lost on Bilbo, but the representative of Little England has misgivings of his own. He has a home; they don’t. He misses his home. He simply doesn’t fit in with the Jews.

“You’re one of us,” one of the dwarves reassures him.

Bilbo: “No, I’m not. Thorin said I should never have come and he was right.

Dwarf: “You’re homesick. I understand.”

Bilbo: “No, you don’t. None of you understand. You’re dwarves. You’re used to this life, on the road, not belonging anywhere. I’m sorry.”

Dwarf: “No, you’re right. We don’t belong anywhere. I wish you all the luck in the world. I really do.”

The Troll of the mountain only reinforces the nationalism of the Jewish Dwarves when he tells Thrór: “You don’t have a mountain. You’re not a king, which makes you nobody really.”

At the end of *The Hobbit, Part I*, Peter Jackson has Bilbo give what

might be termed the Middle Earth version of the Balfour Declaration:

“Look, I know you doubt me. I know you always have. And you’re right, I often think of Bag End. I miss my books and my armchair and my garden. See, that’s where I belong. That’s home. And that’s why I came back. You don’t have one. A home. It was taken from you. But I will help you take it back if I can.”[\[25\]](#)

The legacy of Tolkien’s philo-Semitism is unsolvable artistic problems, leading to an ultimately incoherent book. Tolkien was caught between his Germanic roots, both biological and cultural, and his need to make the Hobbits, *i.e.*, “rustic English people,” the heroes of his narrative. *The Times of Israel* claims that *The Hobbit* was a “corrective re-write” of Wagner’s anti-Semitic Ring cycle:

According to some Tolkien scholars, the author’s heroic dwarves are a conscious inversion of Wagner’s negatively “Jewish” dwarves, meant to flip the switch on damaging stereotypes. As a lover of Norse mythology, Tolkien despised the Nazis’ distortion of ancient tales to incite hatred. . . . In a letter he drafted in response to the request, he replied, “I regret that I am not clear as to what you intend by *arisch*. I am not of Aryan extraction: that is Indo-Iranian; as far as I am aware noone (*sic*) of my ancestors spoke Hindustani, Persian, Gypsy or any related dialects. But if I am to understand that you are enquiring whether I am of Jewish origin, I can only reply that I regret that I appear to have no ancestors of that gifted people.” And to a friend, he wrote, “Do I suffer this impertinence because of the possession of a German name, or do their lunatic laws require a certificate of *arisch* origin from all persons of all countries? . . . Personally I should be inclined to refuse to give any *Bestätigung* [*sic*, confirmation] (although it happens that I can), and let a German translation go hang. In any case I should object strongly to any such declaration appearing in print. I do not regard the (probable) absence of all Jewish blood as necessarily honourable; and I have many Jewish friends, and should regret giving any colour to the notion that I subscribed to the wholly pernicious and unscientific race-doctrine.”[\[26\]](#)

In purging Wagner’s symbols of their anti-Semitism, Tolkien purged them of their meaning as well. No matter what the Jews say, the real issue in *Das Rheingold* is Capitalism, not anti-Semitism. Wagner’s *Rheingold* is a mythic representation of the origins of Capitalism in theft.

In Wagner the correspondence between symbol and moral causality is clear. The drama begins with the theft of the Rheingold by the Jew Alberich, who could be a stand in for Mayer Amschel Rothschild, who spirited the gold of the prince of Hesse-Cassel off to England. Alberich then forges the ring of Capitalism (or the Gold Standard) out of the stolen gold. When he gets tricked out of the ring, Alberich puts a curse on it, which passes to each new owner, including Fafnir, who murders his brother (just as Smeagol murders Deagol) to get the ring and then turns himself into a dragon to guard the gold hoard. The dragon is greed grown monstrous. The meaning of the symbolism in Wagner’s *Rheingold* becomes apparent in a matter of

minutes. Decades after the publication of the *Lord of the Rings* in 1954, its symbolism remains opaque, and no amount of *post-hoc* theorizing in books like *The Silmarillion* can rectify this incoherence. Tolkien denied his intellectual debt to Wagner because familiarity with Wagner exposed the incoherence of his own writings.

Tolkien is being disingenuous when he denies Wagner's influence. Tolkien:

studied or listened to Wagner and his music frequently. One student of Lewis's, Derek Brewer claimed rumors circulated that Lewis and Tolkien annually attended the full ring opera in London. Tolkien's daughter Priscilla remembers one such visit to the opera where her father and Lewis had failed to wear formal evening attire. . . . By 1934, Warnie Lewis reported in his diary, that he, his brother, and Tolkien were translating the text of Wagner's second Ring Opera, the Valkyries, from the original German. "Arising out of the complexities of Wotan," Warnie recorded, "we had a long and interesting discussion on religion which lasted until about half past eleven when the car called for us." Agreeing with or disagreeing with Wagner's interpretations, it provided much food for thought.[\[27\]](#)

Tolkien fans "have long maintained a certain conspiracy of silence concerning Wagner."[\[28\]](#) They like to claim that Tolkien got the Ring symbol from the original sagas, like the *Volsunga* and the *Nibelungenlied*, but the symbols which drive the plot of *Das Rheingold* didn't exist until Wagner created them:

The idea of the omnipotent ring must have come directly from Wagner; nothing quite like it appears in the old sagas. True, the *Volsunga Saga* features a ring from a cursed hoard, but it possesses no executive powers. In the "*Nibelungenlied*" saga, there is a magic rod that could be used to rule all, but it just sits around. Wagner combined these two objects into the awful amulet that is forged by Alberich from the gold of the Rhine. When Wotan steals the ring for his own godly purposes, Alberich places a curse upon it, and in so doing he speaks of "the lord of the ring as the slave of the ring." Such details make it hard to believe Tolkien's disavowals.[\[29\]](#)

Deprived of their Wagnerian context Tolkien's symbols become incoherent. Instead of becoming the English *Iliad*, *The Lord of the Rings* becomes:

a kind of rescue operation, saving the Nordic myths from misuse—perhaps even saving Wagner from himself. Tolkien tried, it seems, to create a kinder, gentler "Ring," a mythology without malice. The "world-redeeming deed," in Wagner's phrase, is done by the little hobbits, who have no territorial demands to make in Middle-Earth and wish simply to resume their gardening. In the end, the elves give up their dominion, just as, in Wagner, the gods surrender theirs. Yet it is a peaceful transfer of power, not an apocalyptic one. The story ends not with the collapse of Valhalla but with the restoration of a wasted world.[\[30\]](#)

The *New Yorker* critique points out how the sexual meaning of the Ring is missing in Tolkien's writings: "When Tolkien stole Wagner's ring,

he discarded its most significant property—that it can be forged only by one who has forsworn love.”^[31] But the problem is more economic than sexual. If *Das Rheingold* is about Capitalism, then England must be the villain. This is obviously unacceptable to Tolkien, the English patriot, and so Wagner’s symbols get rearranged to suit English patriotic sensibilities and lose their power, meaning, and coherence in the process.

After Bismarck unified Germany Wagner’s appropriation of *Das Niebelungenlied* became the German *Iliad*. Tolkien aspired to write the English *Iliad*:

In a letter to a prospective publisher of the *Silmarillion* he wrote: “I was from the early days grieved by the poverty of my own beloved country: it had no stories of its own (bound up with its tongue and soil), not of the quality that I sought, and found (as an ingredient) in legends of other lands. There was Greek, and Celtic, and Romance, Germanic, Scandinavian, and Finnish (which greatly affected me) but nothing English, save impoverished chap-book stuff.” Tolkien shared with Wagner the desire of providing a mythology for his own people. Where Wagner found medieval sources for his myths, Tolkien had to invent his.^[32]

Unfortunately, Tolkien’s English aspirations clashed with the German myths he chose to embody them. It wasn’t just his English patriotism that drove Tolkien to strip Wagner’s symbols of their economic meaning, Tolkien was a casualty of the Catholic Anti-Communist Crusade. Like many Catholics of his generation, Tolkien failed to see that Bolshevism was the child of English Liberalism:

Tolkien hated socialism in any form, national or international. . . . As with many conservative Roman Catholics of the 1930s and 1940s, Tolkien believed that communism represented an even more dangerous form of tyranny than did fascism. If he hated fascism, he really hated communism. Many of the so-called fascists, such as Franco in Spain, protected the Roman Catholic Church, whereas the communists had always assaulted any form of theism, substituting their own ideology for Christian beliefs. Tolkien was especially taken with the bullfighting ally of Franco, poet and Roman Catholic convert, Roy Campbell. Meeting with Tolkien and Lewis in October 1944, Campbell spoke of atrocities against Roman Catholics committed by the communists and socialists in Spain. By the end of the evening, Campbell had convinced Tolkien of the rightness of Franco’s side in the Spanish Civil War, and Tolkien concluded that Campbell was a modern-day Aragorn, ranging the world and struggling against the powers that be, defending God’s glory.

Catholics had a special dislike of communism because of two important events in the late nineteenth and early twentieth centuries. In 1884, Pope Leo XIII had a vision in which he saw devils roaming the twentieth century earth, laying much of it to waste. To help combat this possible future, he composed the “Prayer to St. Michael,” asking God to unleash St. Michael to fight with the demons and the devil, driving them back to hell. He instituted this as the concluding prayer at all masses. Most devout twentieth-century Catholics viewed communism as the satanic eruption Pope Leo had predicted. Certainly Tolkien gave Manwë a prominent role in the affairs of Middle-earth, naming him the Vice-regent. Manwë represents St. Michael the Archangel. Second, in 1917, in Fatima, Portugal, the Blessed Virgin Mary appeared to a

number of children, giving them several secrets regarding the twentieth century. One of the earliest revealed, however, was that communism would become the greatest worldly enemy of the church in the twentieth century. . . . Tolkien also feared communism because of its potential to do evil after the end of the second world war.^[33]

Tolkien ultimately can't explain the meaning of the symbols that he has appropriated from Wagner because Tolkien's symbols, unlike Wagner's, are at war with the moral causality of his tale. Tolkien began the sequel to *The Hobbit* in December 1937, three months after its publication. Tolkien at this point "had no clear idea of what the new story was going to be about."^[34] Gradually, the ring emerged as the sequel's central symbol. "Make return of ring a motive," Tolkien wrote in his journal.^[35] The Ring, Tolkien continued, was "Not very dangerous when used for good purpose. But it exacts its penalty. You must either lose it, or yourself."^[36] At the beginning of February 1938, Tolkien sent a copy of the first chapter to Stanley Unwin, once again seeking Rayner's opinion, but it would take him another 12 years before *The Lord of the Rings* was finished. The ring proliferated into a number of rings, but the multiplication of rings didn't clear up the incoherence which had become attached to the book's central symbol when it got ripped out of its Wagnerian, anti-Capitalist matrix.

The same is true of the dragon. Unlike *Das Rheingold*, where the symbol of the dragon has a clear moral and psychological meaning, Smaug just shows up at the beginning of *The Hobbit*. Tolkien makes a stab at moral causality when he claims that "dragons covet gold with a deep dark desire," but what does that mean? He then tells us, "Undoubtedly, that was what brought the dragon." Tolkien then tells us, "Thror's love of gold had grown too fierce. Like a sickness it had begun to grow within him. It was a sickness of light and where sickness thrives bad things will follow." But what is the connection between dwarvish (or Jewish) greed and Smaug? There is no connection.

Jackson's version is even less coherent than Tolkien's. If Tolkien's philo-Semitism distorted his vision of Wagner's symbols, Jackson's Zionism renders him blind to the implications of the central symbols of his film. The dragon just shows up: "The first they heard was a noise like a hurricane coming down from the north. . . . It was a fire dragon from the north. Smaug had come. . . . For dragons covet gold with a dark deep desire. . . . For a dragon will guard its plunder for as long as he lives." If the dwarves' gold hoard symbolizes Jewish addiction to usury, Tolkien's book

starts to make sense, but if the Jews are guilty of usury, then they are no longer the innocent victims that get portrayed in his book and a fortiori in Jackson's film. Tolkien half-heartedly indicts the Jews and then lets them off. Tolkien can't have it both ways. He can't be philo-Semitic and morally coherent. If the destruction of Dale is a symbolic rendition of the destruction of the Temple, then the Jews deserved their fate.

To make matters even more confusing, Tolkien conflates Wagner's Ring and his *Tarnhelm*. In Wagner, the Ring is fashioned from stolen gold just as the gold standard and capitalism were created from theft. In Wagner, the *Tarnhelm* symbolizes the invisibility of the creditor class in a capitalist society. In Tolkien's writings, the ring confers power and makes its wearer invisible, a conflation which renders the symbol incomprehensible. According to Tolkien, Gollum wanted the ring:

because it was a ring of power, and if you slipped that ring on your finger, you are invisible; only in the full sunlight could you be seen, and then only by your shadow, and that would be shaky and faint. . . . Gollum used to wear it at first, till it tired him; and now usually he hid it in a hole in the rock on his island and was always going back to look at it. And still sometimes he put it on, when he could not bear to be parted from it any longer, or when he was very, very hungry and tired of fish.[37]

At another point, Tolkien gives another account of the Ring's ability to make its wearer invisible but we are still no closer to the connection between the ring and the moral causality at the heart of the tale than we were before:

It seemed that the ring he had was a magic ring; it made you invisible! He had heard of such thing, of course, in old old tales; but it was hard to believe that he had really found one, by accident. Still there it was; Gollum with his bright eyes had passed him by, only a yard to one side.[38]

The only time Tolkien's symbols take on meaning is when they return to their Wagnerian matrix, as when he tells us that the dwarves, *i.e.*, the Jews, stole the elves' gold. "In ancient days," Tolkien tells us, the elves, "that is Good People," *i.e.*, the Aristocracy:

had had wars with some of the dwarves, whom they accused of stealing their treasure [as Rothschild had stolen the Prince of Hesse-Cassel's]. It is only fair to say that the dwarves gave a different account, and said that they only took what was their due, for the elf-king had bargained with them to shape his raw gold and silver and had afterwards refuse to give them their pay. If the elf-king had a weakness, it was for treasure, especially for silver and white gems; and though his hoard was rich, he was ever eager for more, since he had not yet a great a treasure as other elf-lords of old. His people neither mined nor worked metals or jewels, nor did they bother much with trade or with tilling the earth. [Spain after the expulsion of the Jews] All this was well known to every dwarf, though Thorin's family had nothing to do with the old

quarrel I have spoken of. Consequently Thorin was angry at their treatment of him, when they took their spell off him and he came to his senses; and also he was determined that no world of gold or jewels should be dragged out of him.[\[39\]](#)

The Aristocracy, in other words, was corrupted by its addiction to Jewish usury and gold. In the end, the Old Master, who took over Dale after Bard had killed Smaug:

had come to a bad end. Bard had given him much gold for the help of the Lake-people, but being of the kind that easily catches disease he fell under the dragon-sickness, and took most of the gold and fled with it, and died of starvation in the Waste, deserted by his companions.[\[40\]](#)

Usury was the Achilles heel of the Christian West. Unlike Islam, the Church could never solve this problem. In his letter to Margaret of Flanders, Aquinas says that the solution to the problem of usury is confiscating the Jews' ill-gotten usurious gains and restoring them to those who were defrauded of them:

the Jews of your land seem to have nothing except what they acquired through the depravity of usury. And, hence, consequently you ask whether it is not licit to require something from them, and to whom the things thus required are to be restored. On this matter therefore, it seems the response should be this, since the Jews may not licitly keep those things which they have extorted from others through usury, the consequence is also that if you receive these things from them neither may you licitly keep them, unless perhaps they be things that the Jews had extorted from you or from your ancestors hitherto. If, however, they have things which they extorted from others, these things, once demanded from them, you should restore to those to whom the Jews were bound to restore them. Thus, if certain persons are discovered from whom the Jews extorted usury, it should be restored to them. Otherwise, these usurious monies should be set aside for pious uses according to the council of the diocesan bishop and of other upright men, or even for the common utility of your land if a necessity looms and usefulness calls for it; nor even would it be illicit if you should require such usurious money from the Jews anew, preserving the custom of your predecessors, with this intention that the monies be expended for pious purposes.[\[41\]](#)

Aquinas then makes clear that the same rule of restitution applies to Christian usurers or “Cahorsin,” and “anyone else depending upon the depravity of usury.”[\[42\]](#)

We still have Catholics who would defend the gold standard. According to Harry Vereyser, the 19th century was a century of peace thanks to the premises of classical liberalism—“simple economic ideas like the gold standard, free markets, and liberty.”[\[43\]](#) Vereyser forgot to mention the role that the gold standard played in causing the Revolution of 1848 and the Irish potato famine. When European governments were forced to use gold, the only recognized international currency at the time, to buy food, they had to contract the money supply to compensate for depleted gold reserves. When financial players like the Bank of England contracted the money

supply, they caused the Panic of 1947, and the recession that followed that panic caused the Revolution of 1848. It also caused 2 million Irishmen to starve to death. Other than that, the gold standard was totally benign. Gold, we are told, kills inflationary expectations. Or as Vereyser puts it: “Instituting the gold standard caused inflationary expectations to disappear.”^[44] Vereyser then cites Austrian economist Ludwig von Mises, who “explains inflation simply” as “an increase in the quantity of money [which] reduces the purchasing power of the monetary unit.”^[45]

Unlike Einstein, who said that he tried to make things as simple as possible but no simpler, Mises comes up with an explanation of inflation which is too simple. Inflation comes about not when the money supply increases but when it increases *above* the amount of goods and services a national economy produces. This is why quantitative easing has not caused inflation. The decrease of the total money supply below the amount of goods and services is worse. It causes deflation, the chronic state of all economies on the gold standard. In a period of deflation, everyone suffers except those who own gold. This is why Jews like Austrian School economist Murray Rothbard favor deflation. It swells Jewish ducats. Why a Catholic would propose Jewish economics is anyone’s guess. But those who do this aren’t really proposing a Catholic solution. Jewish economics and Catholic economics are completely incompatible.

In his introduction to Brian McCall’s book, *The Church and the Usurers: Unprofitable Lending for the Modern Economy*, Anthony Santelli proposes a solution that is more in keeping with the thinking of St. Thomas Aquinas:

The way out of the current economic crisis is the same path taken to get out of the last economic crisis: through a wider distribution of the wealth of the nation. A wider distribution of wealth means a larger demand . . . which in turn means more production and employment.
^[46]

The solution to the current economic crisis is the same solution to every other economic crisis of the past 500 years, namely, the elimination of usury. Once usury is eliminated from the economy, those who have profited from it—the Jews and the modern day Cahorsins—must make restitution. They must return their ill-gotten usurious gains to the people from whom they stole them. We’re talking here about the transfer of roughly \$15 trillion back into the pockets of American citizens:

We need not start World War III to infuse sufficient amounts of money into the hands of the

masses. Rather, it can be accomplished through the restitution of funds taken from people by banks and other lenders in the form of excess interest or usury. The magnitude of usury paid by the federal government alone since 1950 exceeds \$6 trillion. If we add usury paid by individuals on their credit cards and home mortgages since 1950 the total would exceed \$15 trillion or more than the total personal debt of the nation, which is a little under \$14 trillion.[\[47\]](#)

Unlike the nostalgia for a lost golden age that haunts the Austrian School, the Catholic solution to the current economic crisis solves a number of problems at the same time:

Restoring these funds to the people—funds that were unjustly taken from them over the years by having them pay usurious interest on their loans—would, on average, eliminate personal debt. It would also provide people with significant savings.[\[48\]](#)

When Norman's ship, the *Duchess of Bedford* finally docked at Liverpool on September 23, England had been off the gold standard for two days, and Norman's life work lay in ruins, never to be resurrected. Eight days before Norman's ship docked at Liverpool, sailors at the Invergordon naval base had rioted because of lack of pay causing a loss of confidence in England's financial position and a run on the pound. "The reaction of foreign investors was one of instinctive panic. Gold sped from the Bank of England like lightning. Nearly 40 million pounds Sterling vanished in a single week."[\[49\]](#)

Investors had been nervous ever since March 1931 when the Macmillan Report revealed that London was technically bankrupt, owing 471 million pounds, which were covered by only 153 million pounds of short money assets, leaving it exposed to a net shortfall of 254 million pounds Sterling.[\[50\]](#) Given a precarious financial situation like this, the uprising at Invergordon was the straw that broke the camel's back. On Monday, September 21, Philip Snowden suspended convertibility, and England was taken off the gold standard once and for all. The gold standard had collapsed, never to return.[\[51\]](#)

About the Author

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Endnotes

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